

## Message Text

UNCLASSIFIED

PAGE 01 LIMA 09485 152040Z

10

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 EB-07 CIEP-02 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 /103 W

----- 080615

R 151740Z OCT 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 2277

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS LIMA 9485

EO 11652: N/A

TAGS: ECIN, EALR, BL, CI, CO, PE, VE

SUBJ: ANDEAN PACT: INDICATIONS THAT THERE MAY HAVE

ALREADY PRESENTED ACCEPTABLE TERMS FOR

TEMPORARY "ASSOCIATE" STATUS.

REF: LIMA 9280

1. SUMMARY: MEETING OF TECHNICAL COMMISSION TO WORK OUT SPECIAL RULES TO KEEP CHILE IN TTHE ANDEAN PACT DID NOT START AS SCHEDULED BECAUSE ALL REPRESENTATIVES WERE NOT PRESENT. FULL READING OF WRITTEN DEPARTURE STATEMENT BY CHILEAN REP. DE CASTRO INDICATES HE MAY ALREADY HAVE PRESENTED A PROPOSAL THE OTHERS FIND GENERALLY ACCEPTABLE. END SUMMARY.

2. THE TECHNICAL COMMISSION CHARGED WITH WORKING OUT A SPECIAL SYSTEM TO APPLY TO CHILE DID NOT HAVE SUFFICIENT REPRESENTATIVES TO START ON SEHEDULE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LIMA 09485 152040Z

OCTOBER 13. WE UNDERSTAND OCTOBER 14 WAS MOSTLY

TAKEN UP IN INFORMAL MEETINGS AMONG REPS OF THE FIVE TO CONSOLIDATE THEIR POSITION BEFORE MEETING WITH THE CHILEAN REP.

3. ONCE THE TECHNICAL COMMISSION BEGINS ITS WORK; THE OUTLINES OF THE SYSTEM THEY ARE TO DRAFT MAY ALREADY BE AVAILABLE TO THEM. THE EMBASSY HAS JUST OBTAINED A COPY OF THE WRITTEN DECLARATION MADE BY CHILEAN REP DE CASTRO WHEN HE DEPARTED HERE OCTOBER 6. THE FINAL PARAGRAPH, WHICH WAS IGNORED BY THE PRESS HERE, SEEMS TO CONTAIN A FAIRLY DETAILED LISTING OF THE TERMS ON WHICH CHILE WOULD AGREE TO ACCEPT A SPECIAL AND PROVISIONAL STATUS. THEY ARE THE FOLLOWING: CHILE ACCEPTS THAT A JOINTLY FIXED COMMON EXTERNAL TARIFF IS UNATTAINABLE, BUT AGREES TO CREATION OF A COMMISSION TO STUDY A SYSTEM BASED ON RECIPROCAL RIGHTS AND OBLIGATIONS. (THIS PART IS MOST VAGUE.) CHILE AGREES TO CONTINUE THE LIBERATION PROGRAM OF PHASED TARIFF REDUCTIONS FOR INTRAREGIONAL TRADE. CHILE WILL RESPECT THE ASSIGNMENTS MADE AND TO BE MADE UNDER SECTORIAL PROGRAMS FOR INDUSTRIAL DEVELOPMENT. CHILE WILL MAINTAIN FULL EXEMPTION ON IMPORTS COMING FROM BOLIVIA AND ECUADOR. CHILE WOULD AGREE TO COMPENSATORY MECHANISMS TO CORRECT ANY SERIOUS IMBALANCES IN THE TRADE BETWEEN CHILE AND THE OTHER FIVE COUNTRIES.

4. THE ONLY BASIC ISSUE NOT COVERED BY THE ABOVE IS THE QUESTION OF THE TREATMENT OF FOREIGN CAPITAL. THE DECLARATION OF BOYACA IN EFFECT REMOVED ALL LIMITS ON THE PERCENTAGE OF CAPITAL THAT CHILE MAY ALLOW TO BE REPATRIATED AS PROFITS IN ORDER TO ENCOURAGE INVESTMENT. THIS LEAVES ONLY THE QUESTION OF DIVERTITURE TO NATIONAL OWNERSHIP, AND A READING BETWEEN THE LINES WOULD SEEM TO INDICATE THAT THE FIVE HAVE DECIDED TO ALLOW CHILE TO GO ITS OWN WAY IN THIS AREA.

5. THERE FOLLOWS INFORMAL TRANSLATION OF FINAL PARAGRAPH OF DE CASTRO DEPARTURE STATEMENT. QUOTE: IN ORDER TO ACHIEVE THE DESIRED COOPERATION, CHILE HAS WAIVED ITS POSITION IN TERMS OF ESTABLISHING A GENERAL AND PERMANENT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LIMA 09485 152040Z

CATEGORY OF ASSOCIATED COUNTRY, ACCEPTING IN ITS STEAD THE POSSIBLE CREATION OF A SPECIAL AND PROVISIONAL SETUP FOR ITS OWN SITUATION. IF A CONSENSUS IS REACHED TO THIS EFFECT, CHILE WOULD DEFER ITS REQUEST THAT THE OTHER FIVE MEMBER COUNTRIES SHOULD AGREE TO THE MODIFICATION OF THE PROVISIONS OF DECISION 24 FOR THEMSELVES, WHEREAS IT HOPES THAT REALITY WILL SHOW THE NEED FOR SUCH MODIFICATIONS, WHICH IT CONSIDERS ESSENTIAL TO ITS FULL RE-INCORPORATION.

CHILE HAS ALSO RENOUNCED THE POSSIBILITY OF DETERMINING JOINTLY MINIMUM TARIFF LEVELS COMPATIBLE WITH ITS NATIONAL DEVELOPMENTAL POLICY. IN THIS RESPECT, CHILE AGREED WITH ITS FIVE PARTNERS TO ESTABLISH A SPECIAL COMMISSION TO STUDY A TARIFF SYSTEM BASED ON RECIPROCAL RIGHTS AND OBLIGATIONS TO BENEFIT THE SIX COUNTRIES. CHILE BELIEVES THAT SUCH SYSTEM SHOULD PROVIDE FOR THE CONTINUATION OF THE PROGRAM OF LIBERATION FOR INTRA-REGIONAL TRADE, WITH PREFERENTIAL AND RECIPROCAL TREATMENTS; THE PRESERVATION OF ASSIGNMENTS ALREADY APPROVED OR TO BE APPROVED IN THE FUTURE IN THE INDUSTRIAL DEVELOPMENT PROGRAMS, WHICH, AS THE PROGRAM OF LIBERATION, WOULD BE SUBJECT TO SIMILAR AND RECIPROCAL TARIFF BENEFITS; THE MAINTENANCE, ON ITS PART, OF PREFERENTIAL TREATMENT FOR BOLIVIA AND ECUADOR, TRANSLATED INTO FULL EXEMPTION FOR IMPORTS COMING FROM BOTH COUNTRIES. CHILE WOULD ALSO AGREE TO A COMPENSATORY MECHANISM, THROUGH ADJUSTMENTS IN THE PREFERENTIAL TARIFF MARGINS, IN THE EVENT THAT SIGNIFICANT IMBALANCES SHOULD OCCUR TO THE COMMERCIAL BALANCE BETWEEN BOLIVIA, COLOMBIA, ECUADOR, PERU, AND VENEZUELA, ON ONE SIDE, AND CHILE ON THE OTHER. WE TRUST THAT WITHIN THE STIPULATED TERM OF 24 DAYS, WE WILL REACH THE NECESSARY CONSENSUS TO IMPROVE ON THE OUTLINED MECHANISMS, WHICH WOULD BE ACCEPTABLE TO CHILE ONLY PROVIDED THAT THEY TOOK INTO CONSIDERATION THE PRESERVATION OF THE STANDARD OF LIVING OF CHILEAN CONSUMERS, ESPECIALLY ITS MOST UNPROTECTED SECTORS. UNQUOTE.

LANE

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEMBERSHIP, REGIONAL ORGANIZATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 OCT 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LIMA09485  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760389-0282  
**From:** LIMA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761048/aaaabpmg.tel  
**Line Count:** 143  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 LIMA 9280  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ullricre  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 AUG 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 AUG 2004 by schaeafaj>; APPROVED <10 DEC 2004 by ullricre>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ANDEAN PACT: INDICATIONS THAT THERE MAY HAVE ALREADY PRESENTED ACCEPTABLE TERMS FOR TEMPORARY "ASSOCIATE" STATUS.  
**TAGS:** ECIN, EALR, BL, CI, CO, PE, VE, ANDEAN PACT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006